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**PRELIMINARY DRAFT**  
**No. 3331**

**PREPARED BY**  
**LEGISLATIVE SERVICES AGENCY**  
**2009 GENERAL ASSEMBLY**

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**DIGEST**

**Citations Affected:** IC 36-8-8-8.3.

**Synopsis:** 1977 pension fund military service credit. Authorizes under certain conditions a member of the 1977 police officers' and firefighters' pension and disability fund to purchase up to two years of service credit for active duty military service.

**Effective:** July 1, 2009.



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 36-8-8-8.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 8.3. (a) This section applies to a fund member who, after June 30, 2009, completes service for which the 1977 fund gives credit.**

**(b) A fund member may purchase not more than two (2) years of service credit for the fund member's service on active duty in the armed services if the fund member meets the following conditions:**

**(1) The fund member has at least one (1) year of credited service in the fund.**

**(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.**

**(3) The fund member receives an honorable discharge from the armed services.**

**(4) Before the fund member retires, the fund member makes contributions to the fund as follows:**

**(A) Contributions that are equal to the product of the following:**

**(i) The fund member's salary at the time the fund member actually makes a contribution for the service credit.**

**(ii) A rate, determined by the actuary of the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.**

**(iii) The number of years of service credit the fund member intends to purchase.**

**(B) Contributions for any accrued interest, at a rate**



determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(c) A fund member must have at least twenty (20) years of service before a fund member may receive a benefit based on a service credit purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of the service credit purchased under this section.

(d) A fund member may not receive service credit under this section:

- (1) for service credit received under IC 36-8-5-7; or
- (2) if the military service for which the fund member requests credit also qualifies the fund member for a benefit in a military or another governmental retirement system.

(e) A member who:

- (1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or
- (2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting a properly completed application for a refund to the fund.

(f) The following apply to the purchase of service credit under this section:

- (1) The PERF board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The PERF board shall determine the length of the period during which the payments must be made.
- (2) The PERF board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(g) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.



1           **(3) An eligible plan that is maintained by a state, a political**  
2           **subdivision of a state, or an agency or instrumentality of a**  
3           **state or political subdivision of a state under Section 457(b) of**  
4           **the Internal Revenue Code.**

5           **(4) An individual retirement account or annuity described in**  
6           **Section 408(a) or 408(b) of the Internal Revenue Code.**

7           **(h) To the extent permitted by the Internal Revenue Code and**  
8           **the applicable regulations, the 1977 fund may accept, on behalf of**  
9           **a fund member who is purchasing service credit under this section,**  
10          **a trustee to trustee transfer from any of the following:**

11          **(1) An annuity contract or account described in Section 403(b)**  
12          **of the Internal Revenue Code.**

13          **(2) An eligible deferred compensation plan under Section**  
14          **457(b) of the Internal Revenue Code.**

